

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

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R 032234Z MAY 74

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 793

C O N F I D E N T I A L SECTION 1 OF 2 PANAMA 3158

EO 11652: GDS

TAGS: PN, EFIS

SUBJ: RAFFAELLO

REF: STATE 111662

SUMMARY. I HAVE BEEN ASSURED BY HIGHEST LEVEL PANAMANIANIANS THAT SEIZURE OF RAFFAELLO WAS NOT BEGINNING OF CAMPAIGN BY PANAMA TO SEIZE TUNA BOATS. THEY INFERRED OTHER SEIZURES WILL NOT OCCUR UNLESS TUNA BOAT OPERATORS ARE TOO BLATANT IN APPROACHING PANAMA'S COAST WITHOUT NAVIGATION PERMITS OR FISHING WITHOUT LICENSES. BEST GUESS IS THAT QUOTE BLATANT UNQUOTE MEANS LESS THAN 25-30 MILES. YOU WILL RECALL THAT RAFFAELLO, WHEN SEIZED, WAS WITHIN 9 MILES OF COAST. OUR CLEAR IMPRESSION IS THAT TOP PANAMANIANIANS WISH TO AVOID FURTHER PROBLEMS OF THIS NATURE. HOWEVER, IT IS POLITICALLY IMPOSSIBLE FOR THEM TO ANNOUNCE OR CONFIRM PUBLICLY NO FURTHER SEIZURES WILL BE MADE.

THE POTENTIAL CONSEQUENCES OF SANCTIONS, INCLUDING DEDUCTION OF FINE, WOULD ADVERSELY AFFECT U S NATIONAL SECURITY INTERESTS AND PROGRESS OF CANAL TREATY NEGOTIATIONS. THEREFORE I RECOMMEND WAIVERS OF SUSPENSION OF FMS AND OF REQUIREMENT THAT FINE BE DEDUCTED FROM ASSISTANCE PROGRAMS. SHOULD DEDUCTION BECOME NECESSARY, WE RECOMMEND IT BE MADE FROM THE MILITARY

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ASSISTANCE RATHER THAN AID PROGRAM. END SUMMARY.

1. TOP PANAMANIAN OFFICIALS HAVE ASSURED ME THAT SEIZURE OF TUNA BOAT RAFFAELLO WAS NOT BEGINNING OF CAMPAIGN TO RIGIDLY ENFORCE PANAMA'S TWO HUNDRED MILE TERRITORIAL SEA CLAIM. IT IS CLEAR PANAMANIAN OFFICIALS WERE UNAWARE OF GRAVE CONSEQUENCES FOR - UNITED STATES-PANAMANIAN RELATIONS THAT COULD RESULT FROM SUCH SEIZURES. FROM REACTIONS WE HAVE RECEIVED, WE INFER THAT HAD THEY BEEN FULLY AWARE OF POTENTIAL CONSEQUENCES, SEIZURE WOULD NOT HAVE OCCURRED. RAFFAELLO WAS SEIZED ABOUT 7-9 MILES OFF PUNTA MALA, AN AREA PANAMANIANS PATROL HEAVILY. IT WAS NOT FLYING PANAMANIAN FLAG AND HAD NOT ASKED PERMISSION TO TRANSIT PANAMANIAN COASTAL WATERS. AFTER NATIONAL GUARD OFFICERS BOARDED RAFFAELLO AND, UPON EXAMINATION OF LOG, FOUND VIOLATION OF PANAMANIAN LAW HAD OCCURRED, IT WOULD HAVE BEEN DIFFICULT FOR THEM NOT TO MAKE SEIZURE. THEY DID SO WITHOUT CONSULTING WITH OTHER GOP OFFICIALS.

2. AS FOR FUTURE, WE BELIEVE IT UNLIKELY OTHER SEIZURES WILL BE MADE. NEVERTHELESS, WE MUST REMEMBER PANAMANIANS ARE EXTREMELY SENSITIVE ABOUT NATIONAL DIGNITY AND CANNOT BE EXPECTED TO GIVE ANY PUBLIC INDICATIONS THAT, BECAUSE OF U S PRESSURES, NATIONAL GUARD WOULD REFRAIN FROM ENFORCING PANAMANIAN LAWS. WE BELIEVE UNLESS TUNA BOAT OPERATORS BECOME TOO BLATANT IN THEIR ACTIVITIES - I. E. FISHING WITHIN 25-30 MILES OFFSHORE - THEY WILL NOT BE BOTHERED. WE SUGGEST U S TUNA ASSOCIATION BE INFORMED OF SITUATION AND IF THEY PLAN TO OPERATE REGULARLY WITHIN 30 MILES, THEY SHOULD CONSIDER OBTAINING NECESSARY PERMITS AND LICENSES.

3. THE COUNTRY TEAM HAS ANALYZED POSSIBLE IMPACT ON GOP, U S-PANAMANIAN RELATIONS, AND U S NATIONAL SECURITY INTERESTS IN PANAMA OF SUSPENDING FMS TO PANAMA AND DEDUCTING AMOUNT OF FINE FROM ASSISTANCE PROGRAM. WE CONCLUDE THAT POTENTIAL DAMAGE TO UNITED STATES INTERESTS IN PANAMA WLD FAR OUTWEIGH ANY GAIN FROM IMPOSING SUSPENSION OF MILITARY SALES AND MAKING DEDUCTION.

4. SUSPENSION OF FMS WOULD HAVE MOST SERIOUS IMPACT. RELATIVELY SMALL BUT CRITICAL PORTION OF PANAMA'S MATERIEL PURCHASES IS FOR SPARE PARTS AND REPAIR SERVICES FOR AIR FORCE, INCLUDING CONFIDENTIAL

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GENERAL TORRIJOS' U S-PROVIDED HELICOPTER. WITHOUT THIS CONTINUING SUPPLY, ENTIRE HELICOPTER FLEET AND MANY FIXED-WING CRAFT WOULD BE GROUNDED WITHIN WEEKS OR MONTHS -- UNLESS PANAMA SOUGHT OTHER SOURCES OF SUPPLY. FACED WITH THESE ALTERNATIVES, NATIONAL GUARD WOULD TURN TO OTHER SOURCES. THEY WOULD INTERPRET SALES SUSPENSION AS COERCIVE POLITICAL PRESSURE BY U S AND WOULD CONCLUDE THAT THEY COULD NOT DEPEND ON U S AS RELIABLE SUPPLIER. US HAS CONCLUDED THAT U S NATIONAL SECURITY INTERESTS ARE ADVANCED

BY KEEPING LATIN AMERICAN MILITARY ESTABLISHMENTS ORIENTED TOWARD U S AND LOOKING TO U S FOR MILITARY TECHNICAL ASSISTANCE AND SUPPLIES. BECAUSE OF MAJOR U S INTEREST IN CANAL, THIS CONSIDERATION IS EVEN MORE RELEVANT FOR PANAMA THAN FOR OTHER COUNTRIES.

5. ANOTHER NATIONAL SECURITY INTEREST THAT WOULD BE JEOPARDIZED IS TRAINING OF U S FORCES FOR CANAL DEFENSE. BECAUSE SPACE WITHIN CANAL ZONE IS NOT ADEQUATE FOR BATTALION-SIZE MANEUVERS, U S ARMY'S 193RD INFANTRY BRIGADE HAD REQUESTED AND OBTAINED GOP PERMISSION TO CONDUCT SUCH TRAINING AT NATIONAL GUARD'S RIO HATO BASE. AS U S, IN THE THE CANAL TREATY NEGOTIATIONS, ANTICIPATES PANAMANIAN PARTICIPATION IN PROTECTION OF CANAL, U S MILITARY HAS INVITED PANAMANIAN PARTICIPATION IN THE MANEUVERS. SUCH PARTICIPATION WOULD REQUIRE PURCHASE BY PANAMA OF AMMUNITION AND OTHER SUPPLIES UNDER FMS. EVEN APART FROM DENIAL OF THESE SUPPLIES, SUSPENSION OF FMS WOULD CAUSE PANAMANIANS TO REFUSE U S FORCES USE OF RIO HATO BASE.

6. DEDUCTION FROM FOREIGN ASSISTANCE FUNDS TO COVER REIMBURSEMENT OF \$57,200 FINE, WHILE INVOLVING LESS SERIOUS CONSEQUENCES, WOULD ALSO THREATEN U S INTERESTS IN PANAMA. ALTHOUGH CURRENT PROSPECTS FOR SUCCESS IN CANAL TREATY NEGOTIATIONS WOULD INCLINE PANAMANIAN LEADERS TO SEEK TO LIMIT POTENTIAL DAMAGE, THE USE OF SANCTIONS, EVEN DEDUCTION OF THE \$57,200 FINE, WOULD BE CONSIDERED:

-- AT BEST AN OVERREACTION BY USG TO AN ISOLATED INCIDENT.
(PANAMA HAS SEIZED ONLY ONE TUNA BOAT.)

--DISRESPECT FOR PANAMA'S NATIONAL DIGNITY AND SOVEREIGNTY.

--EVIDENCE THAT U S ASSISTANCE PROGRAMS ARE TOOLS OF AN
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"IMPERIALISTIC" FOREIGN POLICY.

--A GAMBIT BY USG TO INHIBIT PROGRESS IN TREATY NEGOTIATIONS
IN RESPONSE TO CONGRESSIONAL PRESSURE.

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

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C O N F I D E N T I A L SECTION 2 OF 2 PANAMA 3158

7. WHILE DEDUCTION OF FINE ONLY WOULD IMPOSE A STRAIN ON U S-PANAMANIAN RELATIONS AND TREATY NEGOTIATIONS, SUSPENSION OF FMS WOULD ENTAIL FAR MORE SERIOUS CONSEQUENCES. IN ADDITION TO NATIONAL SECURITY ASPECTS IN PARAGRAPH 5 ABOVE, THE LATTER ACTION WOULD ADVERSELY AFFECT MUTUAL CONFIDENCE THAT HAS BEEN CAREFULLY DEVELOPED IN RECENT MONTHS AND WHICH IS ESSENTIAL TO PROGRESS IN THE CANAL TREATY NEGOTIATIONS. MOREOVER, IF NEWS OF SANCTIONS BECAME PUBLIC, GOP OFFICIALS WOULD FEEL COMPELLED TO PUBLICLY CRITICIZE U S AND DEMONSTRATE THEIR INDEPENDENCE. ELEMENTS IN PANAMANIAN SOCIETY THAT WANT TO BLOCK DEVELOPMENT OF CORDIAL RELATIONSHIP WITH U S WOULD BE GIVEN WELCOME OPPORTUNITY TO FORMENT FURTHER DISCORD AND INCIDENTS, INCLUDING STUDENT DEMONSTRATIONS. PUBLIC REACTION COULD IMPEL GOP INTO INCREASED EFFORTS TO SEIZE TUNA BOATS. PUBLIC EXPOSURE OF THE ISSUE PRIOR TO LAW OF THE SEA CONFERENCE IN CARACAS COULD PROVIDE RALLYING POINT FOR OPPOSITION TO USG'S POSITION IN CONFERENCE.

8. IN VIEW OF CERTAIN ADVERSE CONSEQUENCES OF AN FMS SUSPENSION TO U S NATIONAL SECURITY INTERESTS AND THE CANAL TREATY NEGOTIATIONS, THE POSSIBLE ADVERSE CONSEQUENCES OF DECUTION OF \$57,200 FINE, AND ABSENCE OF ANY ADVANTAGE TO BE GAINED BY IMPOSITION OF SANCTIONS, THE COUNTRY TEAM RECOMMENDS DEPARTMENT SEEK WAIVERS OF REQUIREMENTS OF SECTION 3(B) OF THE FMS ACT.
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ALSO, SHOULD THE GOP FAIL TO REIMBURSE THE USG WITHIN 120 DAYS FOR THE \$57,200 FINE, AND DECUTION FROM ASSISTANCE PROGRAMS PROVE NECESSARY, THE COUNTRY TEAM RECOMMENDS THAT WAIVER OF THE REQUIREMENT FOR A DEDUCTION BE SOUGHT. OF THE TWO WAIVERS, THE ONE DEALING WITH FMS IS OF HIGHEST PRIORITY.

9. IN THE EVENT A WAIVER WERE NOT FORTHCOMING, WE RECOMMEND THE DEDUCTION BE MADE FROM MILITARY GRANT ASSISTANCE RATHER THAN AID PROGRAM FUNDS. THE REASONS FOR THIS ARE:

A) THE AID PROGRAMS WHICH ARE CURRENTLY AT A STAGE WHERE FUNDS COULD BE DEDUCTED ARE SO SMALL THAT A \$57,200 DEDUCTION WOULD DESTROY PROGRAMS WHICH ARE OF HIGH PRIORITY.

B) IT WAS NATIONAL GUARD THAT MADE THE SEIZURE, WITHOUT COORDINATING WITH OTHER PARTS OF THE GOP.

C) ASSUMING WAIVER OF FMS SUSPENSION IS APPROVED, THE LOSS IN GRANT MATERIEL COULD BE COVERED BY GN PURCHASES OF FMS ITEMS, WITHOUT DISASTROUS CONSEQUENCES FOR EFFECTIVENESS OF THE GUARD.
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